How We Bring Jobs Home

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Insourcing seems to be at the top of the trending list for 2012. But, how do we make reshoring — bringing jobs back from overseas — a real phenomenon? For America to have a thriving economy and lower unemployment, we need to create more good-paying jobs. And to do that, we'll have to win back some of the jobs that have been shipped overseas for the past decade.

President Obama, to his great credit, gathered [1] about a dozen businesses and many more experts at the White House to strategize on how to bring manufacturing jobs back to America. Within the past year, major consulting firms have published a litany of reports urging businesses to take a look at reshoring. This week, the White House issued its own report [2].

There is no doubt that some progress has been made. American manufacturing jobs have grown over the past two years — the first time that's happened in more than 15 years. Our nation gained 23,000 manufacturing jobs in December alone. Other manufacturing indicators — sales outlook, growth in output — have also been in consistently positive territory. The Center for Automotive Research predicts that the auto industry and its suppliers alone could add 167,000 American jobs over the next three years.

Here are five things the President should highlight to ensure that the significant trickle of reshored jobs becomes a genuine trend:

1. Adopt insourcing tax incentives, such as extending a domestic manufacturing tax credit for clean energy and enlarging a deduction for U.S. manufacturing activity. Also, improve the research and development tax credit by making it more generous for innovation that is actually made in America. Finally, adopt a federal tax incentive for companies that reshore high-paying jobs.

2. Work to balance our trade account by continuing aggressive trade enforcement, where a major hat tip should be given to the Obama administration for supporting domestic industries, such as the U.S. tire sector. But, the administration must also work to stop China's currency manipulation and lower our record trade deficit with that nation.

3. Invest in infrastructure to make our economy more efficient, our businesses more competitive and to create some new demand for manufactured materials.

4. Apply "Buy America" laws to make sure that our manufacturers get a reasonable preference for federal procurement on everything from commemorative wristbands to major bridge reconstruction. The Department of Transportation does a good job of applying "Buy America" laws on the books, but other agencies need to step up and loopholes need to be closed.

5. Invest in our workers to ensure that we have skilled human capital on the factory floor, in the research lab and in the executive suite. Our educational system is built towards guiding every child into a four-year college and every MBA onto Wall Street. That shouldn't be the case. We must rebuild our vocational education system from the ground up, or we will never make manufacturing great again.

There are also factors beyond our control that can help — or hurt — these efforts to reshore jobs, namely the value of the dollar, shipping costs and consumer preferences. But, if you think we can't be a manufacturing powerhouse as a high-wage nation, then think again. Germany, where average manufacturing wages are in some cases double that of American wages , has balanced trade with China (whereas we have an annual $272 billion deficit) and over 20 percent of its economy in manufacturing (while we have only 11 percent).

It's clear from the job numbers, as well as voter sentiments, that Made in America is starting to make its way back. But we want reshoring to be more than a slogan — we want it to be our national policy.

For more information, please visit www.americanmanufacturing.org *[3].*

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